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August 17, 2016

To: Supervisor Hilda L. Solis, Chair
Supervisor Mark Ridley-Thomas
Supervisor Sheila Kuehl
Supervisor Don Knabe
Supervisor Michael D. Antonovich

From: Sachi A. Hamai
Chief Executive Officer

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SACRAMENTO UPDATE

Executive Summary

This memorandum contains a report on the following:

- **Pursuit of County Position to Support SB 1473 (Committee on Natural Resources).** This measure would authorize the State Department of Parks and Recreation (DPR) to award a concession agreement at Will Rogers State Beach for up to 50 years under certain circumstances. Therefore, unless otherwise directed by the Board, consistent with the Board's action on August 9, 2016, and existing policy to support legislation to extend concession lease terms on State-owned facilities, including those which are under local control, when the concessionaire intends to make an investment in the property or increase revenues to the State or local operator, **the Sacramento advocates will support SB 1473.**
- **Status of County-Advocacy Legislation**
 - **County-supported AB 920 (Gipson)** - related to using inmate welfare funds to provide indigent inmates assistance with the reentry process, passed the Assembly Floor on August 15, 2016.
 - **County-supported AB 1723 (Dodd)** - related to identify theft protections for protected consumers, passed the Senate Floor on August 15, 2016.

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- **County-opposed AB 1853 (Cooper)** - related to allowing retirement systems governed under the County Employees Retirement Law of 1937 to elect to be an independent district, passed the Senate Floor on August 15, 2016.
- **County-supported SB 1229 (Jackson)** - related to the disposal of home-generated pharmaceutical waste, passed the Senate Floor on August 11, 2016.

Pursuit of County Position on Legislation

SB 1473 (Committee on Natural Resources), which as amended on August 11, 2016, would, among other provisions, authorize a concession agreement at Will Rogers State Beach to be awarded for up to 50 years and would delete the limitation that the concession agreement be executed before December 31, 1997. The bill would also delete the provision limiting an extension of the term of the concession agreement from exceeding 15 years.

Existing law authorizes the Department of Parks and Recreation to enter into contracts with natural persons, corporations, partnerships, and associations for the construction, maintenance, and operation of concessions within units of the State park system. Existing law requires those concession contracts to contain certain specified provisions, including a provision that the maximum term shall be 10, 20, or 50 years depending on certain conditions.

Current law also authorizes the term to exceed 20 years for a concession agreement at Will Rogers State Beach executed prior to December 31, 1997, as provided, upon approval by the Director of Parks and Recreation and pursuant to a determination by the Director of Parks and Recreation that the longer term is necessary to allow the concessionaire to amortize improvements made by the concessionaire that are anticipated to exceed \$1.5 million in capital improvements. Existing law prohibits an extension of the term from exceeding 15 years.

The Department of Beaches and Harbors (DBH) has been operating Will Rogers State Beach since 1975 when the County took over management from the City of Los Angeles. The Gladstone's restaurant concession, located at 17300 Pacific Coast Highway in Pacific Palisades, and in operation since 1972, provides the County with approximately \$1.7 million in rent annually, which was reduced this year to \$900,000 because the restaurant is experiencing financial difficulties. The concession contract will expire at the end of 2017, and the facility will require a multimillion dollar refurbishment to become profitable again.

The Department of Beaches and Harbors is currently in the process of issuing a Request for Proposal for the concession and reports that potential concessionaires will likely be required to demolish the existing building and construct an entirely new facility on the property. The DBH believes that the short-term lease currently allowed by State law for concession agreements may deter potential bidders. Given the prime location of the facility and due to the age and deterioration of the existing building, not undertaking a full refurbishment will result in a significant decline in revenue for the County, which uses the revenue to defray County's cost for beach maintenance operations. The DBH has requested that the State Department of Parks and Recreation deed the beach to the County. The request is currently pending but will not be considered in time to solicit for a new restaurant concessionaire in 2017.

The Department of Beaches and Harbors and this office support SB 1473 because it will increase the allowable length of time for concession contracts at Will Rogers State Beach to 50 years if the initial investment in the concession is higher than \$1.5 million. Therefore, unless otherwise directed by the Board, consistent with: 1) the Board's action on August 9, 2016, to secure legislation to allow DBH to issue a competitive solicitation document in early 2017 for a new operator for a Will Rogers State Beach restaurant that offers an agreement term of 40 years and requires a redevelopment plan; and 2) existing policy to support legislation to extend concession lease terms on State-owned facilities, including those which are under local control, when the concessionaire intends to make an investment in the property or increase revenues to the State or local operator, **the Sacramento advocates will support SB 1473.**

This measure is currently pending on the Assembly Floor.

Status of County-Advocacy Legislation

County-supported AB 920 (Gipson), which as amended on September 3, 2015, would authorize select counties, including Los Angeles County, to use a portion of inmate welfare funds to provide indigent inmates assistance with the reentry process within 30 days of their release from county jail, passed the Assembly Floor with concurrence of Senate amendments by a vote of 78 to 0 on August 15, 2016. This measure now proceeds to the Governor for his consideration.

County-supported AB 1723 (Dodd), which as amended on August 8, 2016, would require a debt collector to notify credit reporting agencies that a debtor's account is disputed and initiate a review within ten business days if a debtor provides a police report and a written statement claiming identity theft, passed the Senate Floor by a vote of 38 to 0 on August 15, 2016. This measure now proceeds to the Assembly for concurrence in Senate amendments.

Each Supervisor
August 17, 2016
Page 4

County-opposed AB 1853 (Cooper), which as amended on June 20, 2016, would allow a retirement system governed under the County Employees Retirement Law of 1937, such as the Los Angeles County Employees Retirement Association, to elect by resolution to be an independent district and, as such, classify various county personnel as employees of the retirement system, without the approval of the county board of supervisors, passed the Senate Floor by a vote of 25 to 11 on August 15, 2016. This measure now proceeds to the Assembly for concurrence in Senate amendments.

County-supported SB 1229 (Jackson), which as amended on June 27, 2016, would exempt entities authorized by and registered with the U.S. Drug Enforcement Agency to receive a controlled substance for the purpose of destruction from civil damages or criminal prosecution for maintaining a secure drug take-back bin for the disposal of home-generated pharmaceutical waste on its premises, passed the Senate Floor in concurrence of Assembly amendments by a vote of 37 to 0 on August 11, 2016. This measure now proceeds to the Governor.

We will continue to keep you advised.

SAH:JJ:MR:
OR:PC:IGEA:ma

c: All Department Heads
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